



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-7011-N-37]

30-Day Notice of Proposed Information Collection:

Comprehensive Transactional Forms Supporting FHA's Section 242 Mortgage Insurance Program for Hospitals

AGENCY: Office of the Assistant Secretary for Housing- Federal Housing Commissioner, HUD.

ACTION: Notice.

SUMMARY: HUD is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the Paperwork Reduction Act, HUD is requesting comment from all interested parties on the proposed collection of information. The purpose of this notice is to allow for an additional 30 days of public comment.

DATES: Comments Due Date: [INSERT DATE THAT IS 30 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER.]

ADDRESSES: Interested persons are invited to submit comments regarding this proposal. Comments should refer to the proposal by name and/or OMB Control Number and should be sent to: Colette Pollard, Reports Management Officer, QDAM, Department of Housing and Urban Development, 451 7th Street, SW, Room 4176, Washington, DC 20410-5000; telephone 202-402-3400 (this is not a toll-free number) or email at Colette.Pollard@hud.gov for a copy of the proposed forms or other available information. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at (800) 877-8339.

FOR FURTHER INFORMATION CONTACT: Natalia Yee, Director, Single Family Insurance Operations Division, Department of Housing and Urban Development, Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC 20410; e-mail or telephone 202-402-3506. This is not a toll-free number. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at (800) 877-8339.

Copies of available documents submitted to OMB may be obtained from Ms. Pollard.

SUPPLEMENTARY INFORMATION: This notice informs the public that HUD is seeking approval from OMB for the information collection described in Section A.

The Federal Register notice that solicited public comments on the information for a period of 60 days was published on May 24, 2019.

A. Overview of Information Collection

Title of Information Collection: Comprehensive Transactional Forms Supporting FHA's Section 242 Mortgage Insurance Program for Hospitals.

OMB Approval Number: 2502-0602.

Type of Request: Revision.

Form Number:

HUD-91070-OHF, HUD-91071-OHF, HUD-91073-OHF, HUD-91111-OHF, HUD-91725-OHF, HUD-92013-OHF, HUD-92023-OHF, HUD-92070-OHF, HUD-92080-OHF, HUD-92117-OHF, HUD-92205-OHF, HUD-92223-OHF, HUD-92266-OHF, HUD-92322-OHF, HUD-92330-OHF, HUD-92330A-OHF, HUD-92403-OHF, HUD-92403A-OHF, HUD-92415-OHF, HUD-92422-OHF, HUD-92434-OHF, HUD-92441-OHF, HUD-92442-OHF, HUD-92448-OHF, HUD-92452A-OHF, HUD-92452-OHF, HUD-92455-OHF, HUD-92456-OHF, HUD-92464-OHF, HUD-92466-OHF, HUD-92476-OHF, HUD-92476A-OHF, HUD-92476B-OHF, HUD-92479-OHF, HUD-92554-OHF, HUD-92576-OHF, HUD-93305-OHF, HUD-94000-OHF, HUD-94001-OHF, HUD-94128-OHF

Description of the need for the information and proposed use: This collection of information is required specifically for the application and administration of the Department of Housing and Urban Development, Federal Housing Administration Section 242 Hospital Mortgage Insurance Program pursuant to 24 CFR 242, 241, 223(f), and 223(a)(7). The collection is a comprehensive set of HUD documents that are critically needed for processing applications and loan endorsements for FHA mortgage insurance under the Section 242 Hospital Mortgage Insurance Program, for ongoing asset management of such facilities, and other information related to these facilities for loan modifications, construction projects, and physical and environmental reviews. This information is requested and is used by the Office of Healthcare Facilities (OHF) and Office of Architecture and Engineering (OAE) within FHA's Office of Healthcare Programs (OHP).

The purpose for which the information is being collected by HUD is to review Section 242 applications to determine the eligibility of applicant hospitals for FHA mortgage insurance, underwrite insured hospital loans, ensure that the collateral securing each loan is adequate, capture administrative data, process initial/final endorsement, and manage FHA's hospital portfolio. Additional information related to loan modifications, construction projects, and physical and environmental reviews is collected if applicable.

The information being collected consists of various HUD forms that program participants complete with project specifications, technical descriptions, details, and/or signatures that are utilized by HUD during various stages of the application, underwriting, commitment, closing, and asset management processes involved with the administration of FHA's Section 242 mortgage insurance program.

The information is used by HUD staff for internal review of applications to determine if projects qualify for Section 242 hospital mortgage insurance and to manage and monitor the application, commitment, initial/final endorsement, asset management, and administration processes needed to support hospital projects insured by FHA. Agreements and legal documents are used by HUD staff, lenders, borrowers, construction managers, and depository institutions, when applicable, to process initial/final endorsement of loans. Information reported for ongoing asset management of FHA-insured facilities will be used by HUD staff to monitor and manage risk within the FHA portfolio and ensure ongoing compliance with HUD Program Obligations.

Information is also be used by HUD staff to determine whether the Program meets its stated goals and management objectives. The information is collected from lenders/mortgage bankers, borrowers/hospital management officials, attorneys, general contractors/construction managers, architects/engineers, agents and others involved in hospital projects, which may, at times include

local government entities and other third parties, as well as HUD staff to allow OHF to manage and monitor the application, commitment, initial/final endorsement, asset management, and administration processes needed to support hospital projects insured by FHA.

This collection is needed to update and renew the current collection that was approved for a 36-month period by OMB on August 19, 2016, with an expiration date of August 31, 2019. Where changes have been made to existing OHF forms, the proposed versions are also presented in both redline/strikeout and unmarked formats. New or unchanged forms are presented in unmarked format. The revised hospital documents can be viewed at:

http://portal.hud.gov/hudportal/HUD?src=/federal_housing_administration/healthcare_facilities/section_242/additional_resources/242_docs_2019renewal

Two new forms are being added to this collection: HUD-92266-OHF (Application for Transfer of Physical Assets) and HUD-92476B-OHF (Escrow Agreement for Proceeds from Partial Release of Collateral). The HUD-92266-OHF form is based on an existing Office of Multifamily form, modified for Section 242-insured hospitals. The application collects the information required for OHF staff to review requests to transfer insured physical assets to new purchasers that will continue to hold the FHA-insured loan. The HUD-92476B-OHF is being added to provide an escrow agreement template for infrequent instances when a borrower sells and requests to release HUD-insured collateral. Both documents are based on existing versions used by the Office of Housing in other mortgage insurance programs but modified to appropriately reflect Section 242 program needs.

HUD-9250-OHF (Funds Authorizations) will be removed from the collection. The document was added to Collection 2502-0602 in a prior submission and was based upon a similar form

used for OHP's residential care facility program. The form has proven to be unnecessary for the Section 242 hospital program and will be removed.

Thirty-five of the forty documents within the collection are being renewed with no operational content changes, except for updated burden hour estimates and additional language added to the burden statements to ensure that requirements under 5 CFR 1320.8(b)(3) are met. Additional language (specifically, the phrase "under penalty of perjury") was also added to clarify fraud warnings and certification for forms with certifications. Revisions are proposed for the HUD-92466-OHF (Regulatory Agreement), HUD-92422-OHF (Financial and Statistical Data for HUD Reporting), and HUD-94000-OHF (Security Instrument) to include edits that were made to clarify current policies and definitions, reflect updated general accepted accounting standards, or to address minor inconsistencies across documents. A summary of the specific changes made to the revised documents is provided below.

Summary of Changes to Documents

HUD-92476B-OHF Escrow Agreement for Proceeds from Partial Release of Collateral.

New document used to establish an escrow agreement and escrow account as part of the approval process for the partial release of FHA-insured collateral. Document defines permitted uses of escrowed proceeds, including usage for collateralized property improvements, purchase of equipment, or principal payments of the FHA-insured mortgage. Requires approval of all advances in writing by HUD and the Lender.

HUD-92266-OHF Application for Transfer of Physical Assets. New document based on an existing Office of Multifamily Housing application form for Transfer of Physical Assets transactions, modified for Section 242-insured hospitals.

HUD-92422-OHF Financial and Statistical Data for HUD Reporting. Definitions were updated to be consistent with account names, and a definition for “Allowances for Contractual Deductions and Bad Debt” was added. “Deferred Financing Costs” was moved from the “Limited Use Assets” to the “Long Term Debt and Leases” (previously “Long Term Debt and Capital Leases”) account. “Right of Use Assets” was added to the “Net PPE” account. Some restricted and unrestricted net asset accounts were combined and account names and definitions were updated. A note was added to clarify that “Bad Debt Expense” can be recorded as a separate line item, depending on the accounting reporting standards being used.

HUD-94000-OHF Security Instrument/Mortgage/Deed of Trust. In Section 1 (Definitions), the definition of Patient Accounts Receivables was clarified in the definition of Accounts Receivables. The definition of Personality and Mortgaged Property was revised to add the income or sales distributed from a joint venture.

HUD-92466-OHF Hospital Regulatory Agreement - Borrower. Changes were made to sections of the Regulatory Agreement as follows:

- Section 1 and Section 49 (Definitions). Revised to include definitions found in 24 CFR 242.1 and Handbook 4615.1 to provide clarity. Definitions section from Appendix D was moved to Section 49. Definition of Patient Accounts Receivables was added for Distribution of Assets in Section 18 and Additional Indebtedness in Section 20.
- Section 11 – Property and Operations; Encumbrances. Added new item (g) regarding Borrower notification to HUD.
- Section 17 – Transactions with Affiliates. Clarified transactions with Affiliates regarding lower of fully allocated cost or market value.

- Section 18 – Distribution of Assets. Changed Section 18(b)(v) to reflect financial requirements per 24 CFR 242.1 for the Surplus Cash definition. Included definitions and ratios in Section 49.
- Section 19 - Board Review/Business Plan/Consultants' Report. Added "BOARD REVIEW" to title for clarity. In Section 19(c)(iv), removed "pro forma balance sheet" as a deliverable and clarified Business Plan deliverables to HUD for income statement and cash flow analysis. Combined the roles of "Review Consultant" and "Independent Consultant" into one consultant to allow for more timely review and cost savings for Borrower.
- Section 20 – Additional Indebtedness. Under Long Term Debt, clarified when HUD consent is needed versus notification and timing; added CEO to parties eligible to submit documentation for notification; and added new section 20(a)(vi) to specify Borrower agreement to assets becoming part of the Mortgaged Property at HUD's discretion upon release of a lien. Under Unsecured Short-Term Debt, clarified when HUD consent is needed versus notification and timing and added CEO to parties eligible to submit documentation for notification. Added Section 20(c) for Lines of Credit to apply to short-term and long-term lines of credits secured by accounts receivable.
- Section 21 – Successor Clause. Removed Section 21(a). Clarified successor clauses and definitions to emphasize HUD's option for approval.
- Section 29 – Permits and Approvals. Added new Section 29(e) regarding Borrower's responsibility to report accrediting organization or entity findings to HUD upon occurrence, along with action plan requirements.

- Section 36 – Actions Requiring Prior Written Approval of HUD. Revised 36(g) to clarify when HUD approval is required for actions impacting collateral under the FHA-insured mortgage. Added new item 36(q) for establishing, developing, or organizing a joint venture.

A. Responses to Public Comments Received

HUD received one comment regarding collection 2502-0602 during the 60-day comment period that closed on July 23, 2019. The comment addressed an issue with the link to the posted documents online not working correctly. HUD corrected the issue and responded to this comment directly.

Respondents (i.e. affected public): Lenders/mortgage bankers, borrowers/hospital management officials, attorneys, general contractors/construction managers, architects/engineers, agents and others involved in hospital projects, which may, at times include local government entities and other third parties, as well as other agents involved in hospital projects seeking FHA mortgage insurance.

Estimated Number of Respondents: 485.

Estimated Number of Responses: 1069.

Frequency of Response: 2.2.

Average Hours per Response: 74.

Total Estimated Burdens: 79,426.

B. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the collection of information described in Section A on the following:

(1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) The accuracy of the agency's estimate of the burden of the proposed collection of information; (3) Ways to enhance the quality, utility, and clarity of the information to be collected; and (4) Ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

HUD encourages interested parties to submit comment in response to these questions.

C. Authority: Section 3507 of the Paperwork Reduction Act of 1995, 44 U.S.C. Chapter 35.

Date: August 9, 2019

Colette Pollard

Department Reports Management Officer

Office of the Chief Information Officer

Billing Code: 4210-67